

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

SECRET/NODIS/XGDS

MEMORANDUM OF CONVERSATION

PARTICIPANTS:

President Ford
Hushang Ansari, Minister of Economics
and Finance of Iran
Dr. Henry A. Kissinger, Secretary of
State and Assistant to the President
for National Security Affairs
Ardeshir Zahedi, Ambassador of Iran
Charles Robinson, Under Secretary
of State for Economic Affairs
Lt. General Brent Scowcroft, Deputy
Assistant to the President for
National Security Affairs

DATE & TIME:

Tuesday - March 4, 1975
12:00 noon

PLACE:

The Oval Office



President: It is a real pleasure to see you. Secretary Kissinger gave me excellent reports of the work of the Commission. I want to compliment you for coming forth with these results which are of benefit to both our countries.

Ansari: Thank you very much. I want to thank you not only for the results of our meeting, but Dr. Kissinger has been most constructive in encouraging the development of constructive efforts. It has really been most heartening.

Kissinger: Minister Ansari described to me when I was in Tehran the overall development program of Iran. By 1983 they hope to reach the standard of living of Western Europe.

Ansari: We hope for a GNP of \$193 billion by 1983 which would compare favorably with Europe.

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E.O. 12958, SEC. 1.5
NSC 68000, PARAGR. STATE DEPT. GUIDELINES
BY h, NARA, DATE 5/12/04
State Review 3/11/04

SECRET/NODIS/XGDS

CLASSIFIED BY Henry A. Kissinger
EXEMPT FROM GENERAL DECLASSIFICATION
SCHEDULE OF EXECUTIVE ORDER 11652
EXEMPTION CATEGORY 5 B (3,1)
AUTOMATICALLY DECLASSIFIED ON Imp. to det.

President: What is the population of Iran?

Ansari: It will be about 42 million by 1983.

President: Is it expanding rapidly?

Ansari: About three percent a year, but we have a planning program and hope to reduce that.

Our development includes every form of economic development, social reform and education.

Kissinger: Point Four was started in Iran in the '50s.

Zahedi: That's right. It began in one room. I was involved in that.

Ansari: Everything we have done has taken place in the last 12 years. Forty-five years ago our total imports were \$15 million. This year they are \$10 billion. Next year they will be \$14.5 billion.

President: Do you have the port facilities to handle this?

Ansari: This is one of the pitfalls in our program. The demand for food, housing and clothing has gone up drastically and our program is not adequate. We have much work to do there. We have four major ports. By 1983 they will have to handle 80 million tons, compared to 4 million now.

Kissinger: I reported to you, Mr. President, about the arrangement for 500,000 barrels of oil in exchange for probable military commodities in a way that the price doesn't become obvious. Is that a fair statement?

Ansari: Yes, indeed.

Kissinger: If you approve the idea, we will have jointly to work out a complete program. It will require some subtlety. The benefit to Iran would be increased liftings and they would keep the price in mind. Among the other advantages to us is that of dealing with a country which has not joined an embargo.

President: For which we are grateful. I approve.



Ansari: We will sit down and work out a plan to submit to you and His Imperial Majesty.

President: Perhaps for his visit.

Ansari: We think we are not exaggerating when we say our relations are very close and we should give more meaning to that. When you are working for peace in the Middle East we think we should cooperate together to turn the region into a bastion of peace.

President: If the foresight of the others was like yours, if we can divert their energies from war to peace, we can make great progress. We will do what we can with the peace negotiations and we appreciate His Imperial Majesty's responsible role.

Kissinger: His Imperial Majesty is a world statesman.

President: Shultz has also said that. I am looking forward to our meeting.

Ansari: Looking back on the Shah's outlook, I look back to the time when I was Ambassador here. Like you when you were in Vietnam, you need friends, and we want to strengthen our cooperation.

So far as Pan Am is concerned, we have had good talks and things are proceeding. We want to have productive investment in accordance with rules of each country. We want to consider it in a manner which would be beneficial to Pan Am and to both of us.

Kissinger: We are operating in a manner and on a scale which will be of great benefit to us both.

Zahedi: It is now with the CAB. We want to be helpful. Their problem is that it is not a profitable investment -- they lost \$80 million. They blame it on the price of oil but we think it was management.

President: They have improved the management. They had very large overhead. If economic conditions improve they should be able to move rapidly to a profit.

Zahedi: We think they have made mistakes and still have too many high priced Vice Presidents.



President: The CAB doesn't always do what I want, but I am hopeful.

Ansari: Our thinking is that if this is to be an example of our cooperation, we should work to put Pan Am back on its feet. It should be a successful example so the U.S. Government should do whatever is necessary and we should, so it is a good example.

President: The CAB has been working on the route structure and they have cut the overhead. They have dropped some unprofitable routes.

Zahedi: We signed yesterday for the sixth 747. We will probably exercise our option for six more.

Ansari: One other subject is nuclear energy. We are willing to invest about \$8 billion and to invest in an enrichment plant. We would have to insure the success of this effort by giving us access to this technology and its gradual transfer to us. Dr. Kissinger recognizes this as a subject which must be taken up and will be discussed with you.

President: I am not a technician, but the goodwill exists for a constructive solution.

Kissinger: There are technical obstacles but we hope they can be worked out.

President: The will exists.

Ansari: Thank you. We touched on relations with the European Community, co-production issues...

Kissinger: There is a problem of co-production costs. We will be in touch.

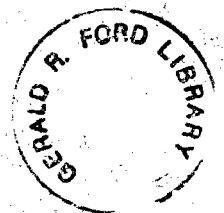
Zahedi: Yes. If this be the case, we may drop the proposal. What they say is that the cost of parts two years from now might increase 500%.

Kissinger: The idea was they would produce the TOW missiles and the Maverick. Last year I said we would approve it in principle. I didn't know the prices, and it doesn't seem to make sense.

Robinson: We are investigating it. At the end, there would be a full operating plant.



Ansari: There seems to be a big difference in component costs. They are more than the whole missile bought here.



✓ P/Ansary/K/Zahedi/Robinson
4 Mar 75

Press in

Discussion of steering

Press out

P ~~Had~~ ~~planning~~ ~~to~~ ~~see~~ ~~you~~ ~~to~~ ~~give~~ ~~me~~ ~~latest~~ ~~status~~ ~~of~~ ~~work~~ ~~of~~ ~~course~~ ~~Went~~ ~~to~~ ~~compliment~~ ~~you~~ ~~for~~ ~~doing~~ ~~with~~ ~~all~~ ~~results~~ ~~of~~ ~~brief~~ ~~to~~ ~~with~~.

Q Think you very nice. Went to thank you not only for results of our visit but it has been most instructive in managing aspect of construction efforts. It has really been most instructive.

K A describe to me in Tehran overall object prog of Team. By 83 they hope for a standard of living of US level.

Q We hope for GNP of 193 bil by 83 which would compare favorably w/ US.

P What is pop?

Q About 42 mil by 83

P Is it expanding rapidly? you

Q About 3%, but we have planning & target to reduce that.

Our object includes every form of economic, social reform & education.

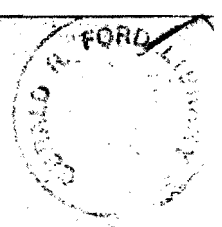
R Last 4 years started in Iran in 50's

Z That right. Began in 1950s. Iran involved.

Q Everything we have done has taken place in last 12 yrs. 4 yrs ago total NI was 15 mil. This yr they are 10 bil. Next yr 4.5 bil.

P Do you have port facilities to handle?

Q This is one of problems in our prog. Demand for food housing & clothing has gone up drastically & our prog not adequate. We need much work to do there.



We have 4 major parts. By 83 they will have
to handle 80 mil tons, compared to 4 mil now

R I talked reported to you about a arrangement for
500 000 bbls of oil in exchange for gas with credits
in any price doesn't become obvious. Is that
your statement

Q Yes indeed

R If you approve a plan, we will have months to
work out a complete prog. Will require some
subsidy. Benefit to Iran would be increased
lifting + they would keep price in mind. Any
other advantages to us is that dealing w/ country which
not joined an embargo

P For which we are grateful. I approve.

A We will sit down + work out a plan to submit
to you & H.I.M.

P Perhaps for this visit

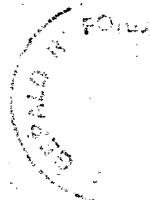
Q We think we not dealing with when we say our
relations are very close & we should give some
meaning to that. When you working for
peace in M.E. we think we should try together
to turn a region into a hotbed of peace

P w/ foresight of others like you, if we can
don't think embargo is for war to peace, we
can make great progress. We will do what we
can w/ plan except we appreciate H.I.M. hold

R H.I.M. is a world statement.

P Shultz has also said that. I looking forward to
our unity.

A I look back on Shultz's outlook back to time
of when I came here - ~~the~~ like before. you
when in U.N., you were friends and we



want to strengthen our coop.

So far as Pan Am, we have had good talks
things proceeding. We want to have production
investment in accordance w/ policy each.

We want to consider it in a manner which
would be beneficial to Pan Am + both of us.

R We operating in a manner which is on a scale
which will be great benefit to us both.

7 ^{at now w/ CAB} We want to be helpful. This prob not a
profitable investment - they lost \$6 mil. They
blame oil but we think wrong.

R They have incurred expense. They had large
overhead. If even without expense they should
be able to make regularly to profit.

7 We think they have made mistake + still have
too many high priced VPI's.

R CAB doesn't always do what I want, but I hope for.

Q One thing if it if this to be an example
of our coop, we should work to put Pan Am back
on its feet. It should be a successful example
so US govt should do whatever necessary + we
should so it is good example.

R CAB has been working on route structure + they
have cut services. They have dropped some
unprofit. routes.

7 We required yesterday for 6th 747. Prob
Kaiser option for 6th course.

Q One other subject is our energy. We willing
to invest about \$ bil + to invest in enrichment
plant. We would have to insure this success of
this effort by giving us access to this tech +
its gradual transfer to us. R may this



a subject which must be taken up & will be discussed w/you.

P Just a technician, but a good will exist for a constructive solution.

K There are tech obstacles but and hopefully can be worked out.

P The will exist.

A Thank you. We touched on whether w/E.C., w/production issues.

K Lack of expenditure costs we've been talking

Z Yes. If this has a case and every day a proposal. What they say is that a parts 2 yrs from now might increase 50%.

K When can they would produce two ^{invariant} missiles +
but you I don't see would appear in principle.
Didn't know prices & doesn't seem to make sense.

R We're investigating it at a level, there would be a full operating plant.

A These seem to be a big leg in component costs - they more than whole missile weight base.

